

(e) *Application for approval of counseling and training program.* (1) The LHA shall submit an application for approval of a counseling and training program and for approval of funds therefor. This application shall be submitted to HUD at the time of the submission of the development program or as soon thereafter as possible but no later than the submission of the working drawings and specifications.

(2) The application shall include a narrative statement outlining the counseling and training program, including any services and funds to be obtained from other sources, together with copies of any proposed contract and other pertinent documents. This statement shall include the following:

(i) Indication that the training entity is completely knowledgeable of the Homeownership Opportunity Program and is aware of the needs and problems of prospective homebuyers;

(ii) The method and/or instruments to be used to determine individual training and counseling needs;

(iii) The scope of the proposed program, including a detailed breakdown of tasks to be performed, products to be produced, and a time schedule, including provision for progress payments for specific tasks;

(iv) An outline of the proposed content of the counseling and training to be provided, and the local community resources to be utilized;

(v) The methods of counseling and training to be utilized;

(vi) The experience and qualifications of the organization and of personnel who will directly provide the counseling and training;

(vii) The estimated cost, source of funds, and methods of payment for the tasks and products to be performed or produced, including estimates of costs for each of the following categories:

(a) Counseling and training during development phase:

Salaries
Materials, supplies and expendable equipment
Contract costs
Other costs

(b) Establishment and initial operation of HBA

(c) Counseling and training during management phase

§ 904.207 Use of appendix.

A Content Guide for Counseling and Training Program (Appendix I) is provided as further detailed information for consideration in designing the counseling and training program. The items set forth therein are not to be considered mandatory.

APPENDIX I TO SUBPART C OF PART 904— CONTENT GUIDE FOR COUNSELING AND TRAINING PROGRAM

(Subpart C)

Inclusion of the following items in the Counseling and Training Program should be considered, keeping in mind that the extent to which they are covered will depend on specific needs of homebuyers in the given development.

PREOCCUPANCY PHASE

1. *Explanation of program.* Includes the background and a full description of the program with special emphasis on the financial and legal responsibilities of the homebuyers, the HBA, and the LHA; and a review for homebuyers of the computation of the monthly payment and of the accumulation and purpose of EHPA and reserves.

2. *Property care and maintenance.* Includes making homebuyers generally familiar with the overall operation of the home, including fixtures, equipment, interior designing, and building and equipment warranties, and the appropriate procedures for obtaining services and repairs to which the homebuyers may be entitled. (This aspect will probably have to be covered in more detail during the Post-Occupancy Phase.)

3. *Money management.* Includes budgeting, consumer education, credit counseling, insurance, utility costs, etc.

4. *Developing community.* Includes a view of the surrounding community, and especially how the homebuyer relates to it as an individual and as a member of the HBA.

5. *Referrals.* Includes information as to community resources and services where assistance can be obtained in relation to individual or family problems beyond the scope of the contract agency. This may include referrals to community services that can upgrade employment skills, provide legal services, offer educational opportunities, care for health and dental needs, care for children of working mothers, provide guidance in marital problems and general family matters, including drugs and alcohol.

POST-OCCUPANCY PHASE

1. *Home maintenance.* This should include builder responsibility, identification of minor and major repairs, instructions on do-

it-yourself repairs and methods of having major repairs completed.

2. *Money management.* This should involve an in-depth study of the legal and financial aspects of consumer credit, savings and investments, and budget counseling.

3. *Developing community.* This will consist primarily of creating an awareness on the part of the homebuyer of the nature and function of the HBA and the value of his participation in, and working through, the HBA as a responsible member of his community. By this means much will be learned about relationships with neighbors, community cooperation, and the ways in which individual and group problems are solved.

OTHER ITEMS

In addition to the above, there are other needs and concerns, especially those expressed by the homebuyers, that may be dealt with in special classes or workshops. These may include such topics as child care, selection of furnishings, decorating and furnishing, refinishing of furniture, upholstery, sewing, food and nutrition, care of clothing, etc.

Subpart D—Homebuyers Association (HBA)

§ 904.301 Purpose.

(a) It is essential that the homebuyers have an organized vehicle for pursuing their common interests, for effectively representing the needs of residents in dealing with the LHA, and for undertaking eventual management responsibility for the development. Although this organization, called the homebuyers association (HBA), shall be representative of the homebuyers and independent of the LHA, it shall be the responsibility of the LHA and the training and counseling staff to assist the homebuyers in their initial efforts at organization.

(b) Except as noted in § 904.307, each Turnkey III development shall have an HBA. There shall be a separate HBA for each development or developments where there is a physical and financial community of interest.

§ 904.302 Membership.

Every family entitled to occupancy pursuant to a Homebuyers Ownership Opportunity Agreement and every family which is a homeowner shall automatically be a member of the HBA.

§ 904.303 Organizing the HBA.

(a) The HBA should be organized and incorporated as early in the life of the development as is feasible, in order to allow selected homebuyers an opportunity to meet each other and begin forging a sense of community, but in any case the HBA shall be organized and incorporated no later than the date on which 50 percent of the homebuyers have been selected. Interim officers and directors shall be designated as part of the initial organization of the HBA to serve until full-term officers and directors are elected. Such full-term officers and directors shall be elected when 60 percent of the homebuyers are in occupancy, but, in any event, not later than one year from the date the first home is occupied.

(b) The LHA, in cooperation with the CPC, if any, shall be responsible for assuring that competent counseling and training assistance pursuant to Subpart C of this part will be provided in organizing the HBA. These services shall be continued until the HBA is fully operational.

(c) The provision of such services shall include at least the following functions:

- (1) Assembling homebuyers for initial orientation and planning;
- (2) Explaining to homebuyers the structure and functions of an HBA and the rights and responsibilities of the HBA and the LHA;
- (3) Aiding in the preparation of charters, by-laws, contracts with the LHA and other appropriate documents;
- (4) Assisting in the formation of the organization, including such things as the initial designation of interim officers and directors and subsequent election of full-term HBA officers and directors, and the establishment of necessary committees, if any.

(d) The LHA and the HBA shall execute an agreement recognizing the HBA as the official representative of the homebuyers, and establishing the functions, rights, and responsibilities of both parties (see Appendix II). This agreement shall be executed as soon as possible after incorporation of the HBA.